

Defense Criminal Investigative Service Press Release

The Boeing Company (Boeing) entered into a \$54 million settlement agreement with the U.S. Government to settle two lawsuits that allege Boeing placed defective flight-critical transmission gears into CH-47D Chinook helicopters. The CH-47D Chinook is a cargo helicopter that carries troops, artillery, supplies and equipment to the battlefield. Other CH-47D roles include medical evacuation, aircraft recovery, parachute drop, search and rescue, disaster relief, fire fighting and heavy construction. Boeing subcontracted with Litton Precision Gears (Litton), Bedford Park, IL, and SPECO Corporation (SPECO), Springfield, OH, to manufacture gears for the Chinook. The gears supplied to Boeing by these companies have caused several in-flight incidents, accidents and crashes. In 1988, one of the gears manufactured by Litton failed in flight, causing a U.S. Army Chinook helicopter to crash and burn while on a mission in Honduras. Five U.S. Service members died and the helicopter valued at over \$10 million was totally destroyed. SPECO manufactured gears are known to have caused two incidents. In 1991, a Chinook helicopter crashed in Saudi Arabia during Operation Desert Shield. Two U.S. Service members were injured and the helicopter valued at over \$10 million was destroyed. In the second incident, a SPECO manufactured gear caused an incident at Fort Meade, MD, in which a Chinook helicopter sustained over \$500,000 damage. Due to additional defects found in SPECO manufactured gears, the U.S. Army has partially grounded the Chinook fleet since January 2000. The SPECO manufactured gears are in the process of being replaced. Former SPECO quality engineer Brett Roby filed the lawsuits under provisions of the False Claims Act. The United States, which subsequently joined the lawsuits, alleged that Boeing and its subcontractors violated the False Claims Act when they sold the U.S. Army more than 140 Chinook helicopters containing defective gears manufactured by SPECO. In 1997, SPECO, which has filed for bankruptcy, settled similar allegations against it by agreeing to pay the United States \$7.5 million. This settlement requires Boeing to pay Roby \$10.5 million, with the remaining \$43.5 million to be paid to the United States. Of the \$54 million, \$19 million plus interest will be held in abeyance pending the outcome of an appeal filed by Boeing. In addition, Boeing will pay \$7.5 million in legal fees incurred by Roby.